Re: QP Briefing: October 3, 2016

From: "Bevan, Andrew (OPO)" <andrew.bevan@ontario.ca>
To: "Beaudry, Jennifer (OPO)" <jennifer.beaudry2@ontario.ca>
Cc: "MacKenzie, Rebecca (OPO)" <rebecca.mackenzie@ontario.ca>, "Killorn, Bill (OPO)" <bill.killorn@ontario.ca>
Date: Tue, 04 Oct 2016 15:20:50 -0400

Thanks

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Beaudry, Jennifer (OPO)
Sent: Tuesday, October 4, 2016 3:17 PM
To: Bevan, Andrew (OPO)
Cc: MacKenzie, Rebecca (OPO); Killorn, Bill (OPO)
Subject: RE: QP Briefing: October 3, 2016

I had a chat with Sabrina today – She says she's been writing the same balanced budget line for so long that she thought it was getting tired and wanted to write it a different way. I told her that by writing that way it was wrong. She agreed.

From: Bevan, Andrew (OPO)
Sent: October-04-16 6:03 AM
To: Beaudry, Jennifer (OPO)
Cc: MacKenzie, Rebecca (OPO); Killorn, Bill (OPO)
Subject: Fw: QP Briefing: October 3, 2016

Hi Jenn, you're probably on this already but can you gently make sure that sabrina knows what balance in 17/18 means please - that it does not mean "end of 2018"
Thx

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Electronic Media <cab.emedia@ontario.ca>
Sent: Monday, October 3, 2016 5:26 PM
To: @CAB-QP Briefing
Subject: QP Briefing: October 3, 2016

QP BRIEFING

October 3, 2016

Click links below to view article:

Articles

1). 'This rebate is a JOKE': Hydro bill help not enough, committee told

By: Geoff Zochodne

A stack of emails was waiting for MPPs on the first day of committee hearings for the Liberal government's 8-per-cent electricity rebate bill, with most of the correspondence claiming the refund isn't enough to keep up with rising hydro rates.

The Liberal government introduced the 8-per-cent rebate in its throne speech last month, following opposition attacks and criticism that the province's electricity rates have gotten out of hand. Bill 13, the Ontario Rebate for Electricity Consumers Act, outlines the refund.

But only one email in the pile Monday morning was supportive of the government. "Im [sic] all for what you are doing!" it said.

Other emails to the committee insisted the rebate was not enough, among other sentiments. A few authors appear to have been prompted to write by their Progressive Conservative MPPs.

Some (verbatim) excerpts:

"An 8% friggin rebate on my bill is ridiculous. NO ONE Will be able to keep up with these rates."
"Hydro prices are criminal in Ontario ... It is governments like this that open the door to people like D. Trump."
"An 8% rebate is going to do what?"
"No the 8% is like spitting in the lake. Not very much help at all."
"No removing the 8% tax is a joke it pisses me off its so trivial, this province needs to smarten up before every manufacturing job in this Province is gone…"
"An 8% rebate is a pittance to hydro bills that have doubled or tripled in cost."
"It is ridiculous that you believe that 8% will make any difference."
"This rebate is a JOKE and the Actions of the Ontario liberal government are Criminal."
"The 8% does not solve the problem."
"Rebate is not helping anyone"
"GET RID OF THE DOGGIE BONES. WE ARE NOT DOGS. WE ARE HUMANS WHO DESERVE COMPASSION."
"8% of anything isn't worth the foreplay."
The rebate will be for residential and small business customers, and is equal to the provincial portion of the HST on bills. It is expected to produce savings of $11 a month for the average household and will cost about $1 billion annually.

The Liberal government is also expanding its rural rate protection program — to be paid for by all consumers — and making it easier for industrial customers to tap into a conservation program.

In addition, the government scrapped another procurement of large-scale renewable energy projects last week, which is anticipated to save the average residential consumer $2.45 a month.

The justice committee is reviewing Bill 13. Its members heard from several presenters Monday in person and over the phone.

The Ontario Chamber of Commerce praised the government for expanding the Industrial Conservation Initiative to allow another 1,000 companies to receive its benefits, which the government says can work out to savings of up to 34 per cent of electricity costs.

However, the chamber said it was concerned that businesses must opt into the ICI, and must therefore be informed that they can do so. The business group also said companies that cannot shift their electricity use would be left wanting and that the program may not be fully implemented until after the 2018 election.

“While we are pleased with these policy changes, there are underlying issues impacting the price of electricity that still need to be addressed,” added the presentation notes, which were provided to QP Briefing.

Facing another round of opposition attacks about electricity rates, Premier Kathleen Wynne said during Monday's question period that the government was concerned about the electricity rates and was taking action.

"It’s why we’re taking the provincial portion of the HST off of people’s bills, which I would remind the leader of the third party [NDP Leader Andrea Horwath] is something that she thought was a good idea," said Wynne. "Along with other people around the province, she thought that was a good idea. We are doing that. We are also increasing support for people in rural communities."

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2). Ontario to act on housing market ‘sooner rather than later,’ Wynne says

By: Geoff Zochodne

Ottawa stepped in Monday with measures aimed at bringing rising housing prices back down to earth. But Ontario, despite being home to one of Canada's hottest real estate scenes, is still putting together its response.

Premier Kathleen Wynne said the nuances of the province’s housing market required a tailor-made solution.

“We are going to take action, but we’re going to take action that’s appropriate for Ontario,” Wynne told reporters Monday at the Hospital for Sick Children in Toronto. “My intention would be to move sooner rather than later to put in place initiatives that would be appropriate for Ontario.”

Wynne’s housing minister, Chris Ballard, said the government is cautious about making the wrong move.

“We don’t want to make things worse for homebuyers in Ontario,” Ballard said at Queen’s Park.

Canada's housing markets have taken off in recent years thanks to low interest rates that have allowed for greater consumer debt levels. The federal government said Monday it was taking “preventative measures,” including closing tax loopholes (some of which are allegedly popular with foreign buyers), instituting a “stress test” for all insured mortgages and launching consultations on “lender risk sharing” — where a bank would have to take some of the loss on an insured mortgage that defaults.

“Canadians have told us they are concerned about growing household debt and rapidly rising house prices in some of our biggest cities, particularly in markets like Toronto and Vancouver," said federal Finance Minister Bill Morneau in a release. "These concerns have grown over many years, and there are no quick fixes."

Ballard called the federal government’s announcement “an interesting move.”

British Columbia, which has the country’s hottest housing market in Vancouver, has already brought in a 15-per-cent foreign-buyers tax to try to bring down the sky-high home prices. Officials from the federal government, Ontario, B.C., Toronto and Vancouver have also been participating in an affordable housing working group since the summer.

Wynne and Ballard wouldn’t say if Ontario would establish a similar tax. The Wynne government has previously said it would not allow municipalities other than Toronto to levy a land-transfer tax, but has not taken any other steps.

Ballard said the government has to collect the necessary data first, and also determine what data it currently has to base its decisions on.

“I think there’s a number of measures that Ontario and the federal government will continue to look at,” Ballard said. “We’ll continue to gather the information we need to make the best decision, so that we can make the best decisions in terms of what’s best for the Ontario market.”

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3). LIBERALS AT ODDS WITH AUDITOR GENERAL OVER $1.5-BILLION DISCREPANCY IN DEFICIT

By: Sabrina Nanji

The Ontario government and auditor general continue to butt heads over the province's financial books, particularly a $10.7-billion hike in the province's net debt and $1.5-billion increase to the annual deficit.

At issue was whether to include pension assets for the jointly-sponsored provincial pension plans (Ontario Teachers' Pension Plan and that of the Ontario Public Service Employees' Union), which were valued at $10.7 billion as of March 31. But because the government can’t legally spend or access these funds unilaterally, Auditor General Bonnie Lysyk said it should not be included in the government’s balance sheet and instead be added to the net debt and accumulated deficit.

Released Monday afternoon, nearly one week after the legal deadline, Ontario's unaudited public accounts also show a $1.5-billion discrepancy in the annual deficit, which came in at $5 billion for the last fiscal year, according to the auditor general's interpretation. The government's rubric would have shown a $3.5-billion deficit.

Finance Minister Charles Sousa, on the other hand, said the government has historically reported those pension assets, with no blowback from past auditors general, since 2001. Sousa reiterated that the government will come to balance as promised by the end of March 2018.

In order to release the public accounts, which were legally supposed to be tabled Sept. 27 (or 180 days from the close of the province's fiscal year, on March 31), the government filed a time-limited regulation that will go under review and allowed the unaudited financial statements be released.

The government said it was informed of the Auditor General's concern in writing on Sept. 13.

In a statement Monday, Lysyk said she was "disappointed" in the government's decision to release the public accounts sans her opinion and that the work to finalize the report is ongoing.

“This is the first time in the history of Ontario that the statements have been released without the audit opinion,” Lysyk said. “As late as 10:30 a.m. this morning, we were still in discussions over an accounting issue that we brought to the government’s attention in June of this year."

The Progressive Conservatives, who had been hammering the Liberals in question period over the delay - and even alleged that internal Treasury Board bureaucrats accused the Auditor General of having a political agenda - said the government is in "full blown panic mode."

This is not the first time that the Liberal government and Lysyk have been at odds. The auditor general has criticized the government for amending her oversight of taxpayer-funded advertising, arguing that it turned her office into a "rubber stamp."

The Liberals also disagreed with Lysyk's critique of their smart meter program, with former energy minister Bob Chiarelli taking heat for remarks he made in the immediate aftermath.

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4). NATIONAL CARBON PRICE TO START CHEAPER, RISE FASTER THAN ONTARIO’S CAP-AND-TRADE SYSTEM

By: Geoff Zochodne

The federal government wants a nationwide price on carbon emissions that will initially cost less than what Ontario is going to charge with its cap-and-trade system — although that won’t be the case for very long.

Ottawa’s climate framework would hike the cost of carbon faster than Ontario is projected to do. The national price is slated to increase by $10 per year, while Ontario’s is pegged closer to the rate of inflation.

Prime Minister Justin Trudeau announced Monday that the national carbon price would start at a minimum of $10 per tonne in 2018, rising to $50 a tonne in 2022.

Ontario will begin its cap-and-trade program next year, pricing emission allowances — one of which is worth a tonne of greenhouse gas pollution — at approximately $18 each. That price will rise in the years that follow, as the province will lower the cap by about 4 per cent annually, making the allowances harder to come by and more expensive.

After 2017, Ontario intends to link its cap-and-trade system in a joint carbon market with California and Quebec. An EnviroEconomics summary published this spring shows the projected carbon price going from $18.10 in 2018 to $19.86 in 2020.

Another study, conducted by ICF International, showed the cost of allowances would hover around $30 apiece in 2022 — $20 short of where the federal government wants it to be.

Cost isn't everything, though; the federal government says provinces who use cap-and-trade systems must have 2030 emissions targets equal to or greater than Canada's, which is 30 per cent below 2005 GHG levels. Ontario has a 2030 emissions target of 37 per cent below 1990 levels. A cap-and-trade province must also have "declining (more stringent) annual caps to at least 2022 that correspond, at a minimum, to the projected emissions reductions resulting from the carbon price that year in price-based systems," Ottawa says.

Ontario Environment Minister Glen Murray, who was in Montreal Monday for a meeting of his provincial peers, said in a statement that the provinces were awaiting "further details."

"A national carbon pricing framework will help Canada reach its international climate change commitments and will ensure that all provinces contribute in this effort," said Murray. "Ontario is already doing its share. According to Environment and Climate Change Canada's 2016 National Inventory Report, from 2005 to 2014, Ontario's emissions decreased by over 40 megatonnes — sufficient to achieve our 2014 target."

Ottawa also says each province and territory must have a carbon tax or cap-and-trade system in place by 2018, or they'll have one imposed on them.

The revenues will stay where they're raised, but Ottawa will review its approach in 2022.

"While provinces await further details, this announcement importantly provides provinces with a choice as to which carbon-pricing system, cap and trade or carbon tax, is best suited for their economy," said Murray. "Ontario looks forward to working with provinces across Canada who may be interested in establishing a cap-and-trade system of their own. We remain firmly committed to establishing our carbon market, linking with Quebec and California and growing carbon markets both in Canada and around the world in an effort to fight climate change."

Quebec and British Columbia already have a cap-and-trade program and carbon tax, respectively, and Ontario and Alberta are getting their own carbon-pricing systems next year. Ontario doesn't intend to pocket its carbon revenues either; the Liberal government published a five-year climate change action plan this year that envisions up to $8.3 billion in GHG-reducing programs funded with cap and trade.

"Pricing pollution is one of the most efficient ways to reduce greenhouse gas emissions and to stimulate innovation," said federal Environment Minister Catherine McKenna in a release. "Already 80 per cent of Canadians live in a province where there is pollution pricing. We want to continue this trend and cover the final 20 per cent."